

# Best Practices in Providing Oversight for Economic Development

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# UNC-C3E Incentives Study (2009)

- Institute a legislative oversight function
- Establish **priorities**
- Assess **performance** of state and regional economic development organizations
- Strengthen **accountability**

# The Challenge

- Multiple entities receive state funds
- Commerce Dept.
- Statewide nonprofits with various specialties (rural, minority, technology)
- Regional partnerships
- Incentives

# What is Needed Now?

- Greater coordination and alignment
- Better performance monitoring and measures
- More information about what programs are working and why (policy learning)
- Ways to maximize the return on the public investment

# Current Legislative Oversight

- Agency reporting requirements
- Sunset and review provisions
- Fiscal Research inquiries to support budget requests

# Why Coordinate and Align?

- Create greater synergies
- Eliminate duplication and redundancies
- Clarify roles, responsibilities, and expectations
- Enhance effectiveness
- Promote state policy goals

# Setting Priorities for ED

- Competitiveness in a global, knowledge economy
  - Business and industry
  - Entrepreneurs
  - Skilled workers and talent
  - Innovation and technology
  - High quality communities

# Who Sets ED Priorities in NC?

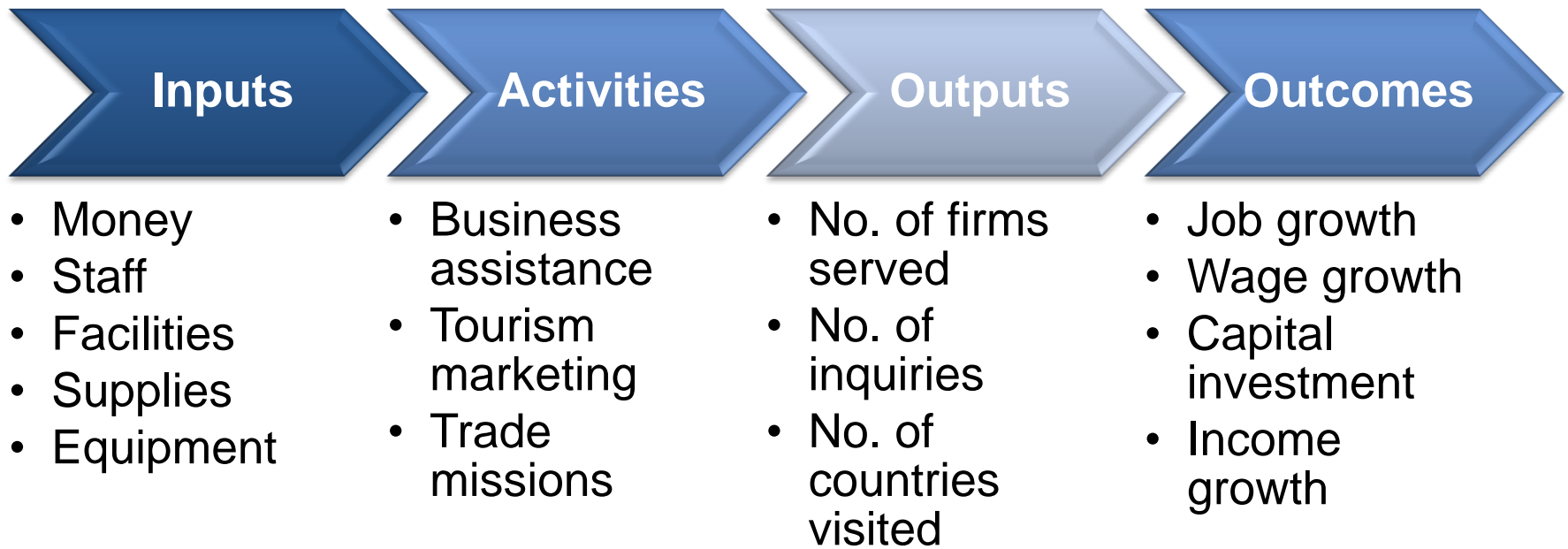
- Governor
- NC Economic Development Board
- NC Commerce Dept.
- General Assembly



# Effective Performance Monitoring

- Systematic and rigorous
- Ongoing and consistent
- Data-driven
- Objective and nonpartisan
- Quantitative and qualitative

# Sample Performance Measures for Economic Development



# State-of-the-Art Performance Measures for Economic Dev.

- Job quality
- Innovation activity
- Wealth creation
- Entrepreneurial activity
- Human capital (skills and talent)

# ED Policy Learning

- Encourage policy innovation
  - New ways of thinking and doing
- Better understand what works
- Disseminate info. about best practices
- Make program improvements as needed

# Accountability

- Protect the public interest
- Promote efficiency and effectiveness
- Make wise public investments
- Increase the economic “bang” for the public “buck”

# Accountability Mechanisms

- Incentive disclosure and reporting
- Tax expenditure budgets
- Strong and enforceable clawback provisions
- Economic and fiscal impact analyses
- Program reviews and evaluations

# Approaches to Oversight

- Legislative reviews and audits
- Indexes, scorecards, and benchmarking
- External third-party evaluations

# Examples to Consider

- Montana Legislative Audit Division
- Maine Economic Growth Council
- Oregon Innovation Council
- Mississippi Technology Alliance



# Possible Steps Forward

- Integrate strategic planning, performance monitoring, and evaluation
- Empower and equip the Economic Dev. Board to do systematic performance assessment
- Create or fund an external entity to monitor ED progress

# Questions or Comments:

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